

Memorandum

To : John K.

Date : September 7, 1984

No. M-84-315

From : **FAIR POLITICAL PRACTICES COMMISSION**
Carla Wardlow

Subject: Lobbyist Question--Your memo of 8/28

Your memo of August 28 asked me what, if any, prohibitions or disclosure requirements would be involved if a lobbyist sold his or her residence to a legislator and the lobbyist took back a note on the sale for a few years. At yesterday's advice request meeting, it was concluded that:

1. So long as full and adequate consideration is received by the lobbyist, the \$10 gift prohibition would not be violated. However, the lobbyist should be cautioned to take extreme care in seeing that the legislator does not receive anything of more than \$10 in value for which the lobbyist does not receive full and adequate consideration.
2. Government Code Section 86205(a) prohibits a lobbyist from doing anything with the purpose of placing any elected state officer, etc., under personal obligation to him or his employer. Because a note secured by a second deed of trust is not considered to be a personal obligation, it was concluded that specifically with respect to real estate transactions, so long as the note is secured by a second deed of trust (not a personal note), the lobbyist would not be prohibited from making the loan.

With respect to the disclosure requirements, the lobbyist would not be required to disclose the transaction (unless, of course, he makes a gift to the legislator). The legislator must report the lobbyist as a source of income (loan) on his or her Statement of Economic Interests. Depending on the legislator's use of the residence, he or she may also have to report the residence as an interest in real property.

Memorandum

To : Carlo

Date : 8/28

From : **FAIR POLITICAL PRACTICES COMMISSION**

jk

Subject: Lobbyist Question

How would you advise a lobbyist who has the following problem?

--The lobbyist owns a house in Sacramento.

--The lobbyist wants to sell the house for the best price possible.

--A member of the Legislature wants to buy the house.

--It's strictly an arms-length deal, although no broker would be involved. No discounts, no special favors.

--The lobbyist is willing and may have to take back a note on the sale for a few years, which obviously is not an uncommon practice these days.

--What, if any, prohibitions or disclosure requirements would be involved in such a transaction?